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September, 1996

Dear Massachusetts Consumer:

Few Massachusetts taxpayers realize that the Office of the Attorney General plays an active role not only in protecting consumer rights but also in enforcing laws and developing regulations that ensure the existence of a fair and competitive market for consumers and businesses alike.

For instance, through my Regulated Industries Division, the office represents the interests of ratepayers in matters before the state Department of Public Utilities. Most recently, the office has been actively addressing concerns related to recent restructuring proposals made by the state's largest electric utilities in an effort to maximize consumer savings and provide optimal choice of suppliers. In the past five years, my office has saved ratepayers hundreds of millions of dollars in electric and natural gas costs by offering the legal and technical arguments that have helped stave off or reduce numerous proposed utility rate hikes.

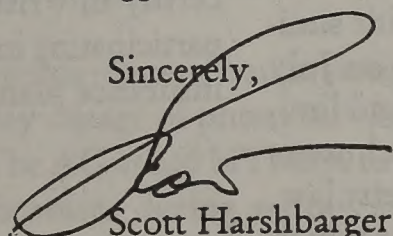
My Consumer Complaint and Information Section responds to thousands of telephone calls and letters from citizens who are either unsure of their buying rights or believe they have been unfairly treated in a recent transaction. Each year, hundreds of thousands of dollars are returned to consumers through mediators working to settle such claims. For information or to obtain information on the number of complaints on file against a particular merchant, you can call our hotline number at (617) 727-8400. My staff will register your complaint (should you have one), and work, where appropriate, to help recover your losses.

The Consumer Complaint and Information Section works hand in hand with the Consumer Protection and Antitrust Division, which seeks to protect citizens and law-abiding companies from unscrupulous business practices through both preventative/educational measures and legal actions. This division also reviews merger activities and works to safeguard competition and fairness in consumer/merchant relations.

Finally, the Division of Public Charities also plays a vigilant watchdog role, overseeing registered charities within the state to ensure ethical fund-raising practices. It also oversees the approval of acquisitions of nonprofit organizations and for-profit companies, safeguarding the charitable interests' rights along the way.

AGenda: Consumer Issues was created as an educational tool for the public. The articles within were written not only to alert you to your consumer rights, but also to provide you with important facts and tips that will help you make informed decisions on purchasing, donating, and saving your hard earned money. I hope you will find these newsletters informative; I welcome your comments and suggestions for future issues.

Sincerely,



Scott Harshbarger



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## Prudential Life Insurance Policies

If you bought life insurance from the Prudential and thought it would pay for itself after 7 to 10 years, you will be interested in the recent activities of the Regulated Industries Division. These policies, often referred to as "vanishing premium" policies, were sold mostly in the eighties on the premise that you would pay in more than the cost of insurance and the excess would earn dividends at such a rate that the dividends would be enough to pay the premiums for the rest of your life. Most people who bought these policies believed that the benefits they were shown were guaranteed when in fact that was not the case. Many policyholders are now realizing that they are going to have to pay premiums for much longer than they had originally anticipated. A national task force issued a report in July that concluded the Prudential had engaged in unfair practices. The report also included a proposed remedy plan that will benefit consumers, not just in Massachusetts but nationwide. In addition, over the past six months, the Division has been negotiating settlements of individual complaints, from which consumers have received over \$100,000 in refunds or premium credits.

## Health Care Insurance Market Reforms:

During August, major health insurance laws were enacted in Massachusetts and at the federal level. These reforms will significantly improve access to health insurance for thousands of Massachusetts residents who, because of their health condition, are either unable to purchase insurance or are locked into their current jobs in order to maintain insurance coverage. These reforms will also end the unfair practices of the insurance industry which in the past "cherry-picked" healthy individuals and shunned the sick. Coverage provided through an employer often excluded coverage for medical conditions that existed at any time prior to the consumer's enrollment (so-called "pre-existing condition" exclusions), and often imposed multi-year waiting periods before coverage would become effective. These punitive exclusions and limitations may no longer be applied to consumers who simply want to change jobs.

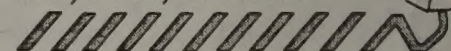
The Massachusetts law, which was drafted with the assistance of the Attorney General, ensures that health insurance is available to everyone regardless of their health condition, whether they purchase group insurance through their employer or an individual policy of insurance (non-group). For non-group policies, waiting periods and pre-existing condition exclusions are prohibited completely. For group insurance policies, waiting periods and pre-existing condition exclusions are limited to no more than 6 months for conditions which needed treatment in the prior 6 months, but if a person had just recently changed insurance coverage then these exclusions and limitations would be prohibited completely. This law became effective on August 15, 1996.

The federal law, called the Kennedy/Kassebaum bill, will provide similar protections for the entire nation when it becomes effective on July 1, 1997. While the federal law would permit longer exclusion and limitations (up to 12 months) for the rest of the nation, the Massachusetts law applies here because it is more favorable. The Massachusetts law, unlike the federal law, does not apply to employer health plans which are self insured.

## **Insurance Hotline for Consumers**

Over the past fiscal year, the Attorney General's Insurance Hotline has received more than six thousand phone calls from troubled consumers with questions or complaints about their service, billing or coverage. Over the course of the year, the hotline addressed 1,093 new cases and recovered \$874,182.90 for dissatisfied consumers -- an average of \$72,849.00 per month.

If you feel you have been unfairly treated by a health, life, homeowner, auto or disability insurance company, you can call with questions or complaints to the insurance hot line number at: (617) 727-2200 extensions 3499, 3440, or 3441.



## **Massachusetts College Students are required to have health insurance:**

Since 1991, Massachusetts has required that all students enrolled full-time, or part-time (75% of full-time curriculum), in any college or university located in Massachusetts be covered by health insurance. As part of this requirement, colleges are required to have each full-time or part-time student participate in the school's student coverage, or certify in writing that she or he is participating in a comparable health insurance plan.



**B**y statute, the Attorney General represents Massachusetts consumer interests in gas, electric and telephone rate cases before the Department of Public Utilities.

## **AG Fights Rate Gas Co. Increases for Essex County and Fall River Area**

In July, Attorney General Harshbarger through his Regulated Industries Division spoke out against proposed gas company rate increases in Essex County and Fall River. Through written testimony and prepared statements delivered to the Department of Public Utilities, the AG called the two increases "excessive and unfair to residential and small business customers."

The Fall River Gas Company proposed a \$5.1 million rate increase that would break down to between 17 and 24 percent for residential heating customers in winter months, 15.6 to 25 percent for non-heating customers, and 15 to 16.8 percent for small commercial customers. The AG's office claimed that the methodology used by the gas company to determine the increase was inappropriate and unfair to smaller users and suggested that the new cost allocation approach unfairly places excessive gas supply costs on the residential and small commercial consumers. The testimony urged the DPU to reject the Fall River Gas approach as in-

consistent with the DPU's longstanding rate structure policies and cut the requested increase by \$2.75 million.

The Essex County Gas Company proposed a 7.4 percent or \$3.4 million rate increase. The proposed annual rate increases for residential customers would be between six and 10 percent for heating customers, and between 10 and 12 percent for non-heating customers. Small commercial users would see an increase ranging from five to 26 percent. AG Harshbarger opposed the increase on the basis that residents and small businesses would pay more than their fair share in increases. As with Fall River's proposed rate increase, the Attorney General urged the DPU to reject the Essex proposal as inconsistent with the Department's rate structure policies. Harshbarger also indicated that Essex had inflated its need for additional revenues, overstating the net assets it uses to provide utility service. To eliminate the discrepancy, he asked the request be cut by \$2.36 million.

## **AG Stands Up for Mission Hill Customers at DPU Hearing on Nynex Service**

In April, AG Harshbarger's office addressed a public hearing held by the Department of Public Utilities to investigate the quality of NYNEX services in the Mission Hill area.

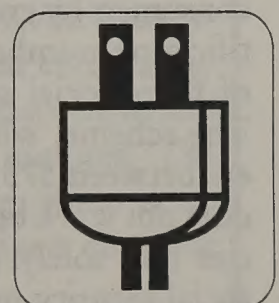
Twenty Roxbury residents requested an investigation into the matter as the result of a seven-day outage of phone services to NYNEX subscribers earlier this year. The AG asked NYNEX to provide customers with backup emergency measures during serious service breakdowns that would provide alternative communication for emergency services.

## **Harshbarger Scrutinizes Electrical Rate Restructuring; Urges Change**

Following the release of two studies issued by his office that analyze the restructuring of electric utility rates, Attorney General Harshbarger urged the Department of Public Utilities to change its current proposed restructuring strategy in order to lower the electric bills for the Commonwealth's consumers.

Stating that the price for electrical power in Massachusetts is nearly 50 percent above the national average, AG Harshbarger filed formal comments with the DPU stressing his concern that any restructuring of the utility industry result in meaningful savings for both business and residential consumers in the state.

The proposed restructuring by the DPU, which would transform the current investor-owned monopoly industry into a competitive structure with multiple suppliers, would be likely to produce little more than a 10-year rate freeze, without any real prospect for reduced rates. He urged the DPU not only to play an active consumer protection role in the early stages of transformation but also to strike a proper balance between utility and consumer interests in adopting a streamlined approach to certification of power suppliers that would encourage a robust competitive market for electric power.





## FTC Credit Reporting Rule

As of January 31, 1996, all consumers are entitled to a free copy of their credit report once per calendar year.

Contact:

TRW 800-682-7654  
Equifax 800-888-4213  
Trans Union 800-685-1111

## AG Joins FTC Crack-down on Fraudulent Credit Repair Firms; Obtains Preliminary Injunction against NH Co.

Attorney General Harshbarger joined with the Federal Trade Commission and nine other Attorneys General in a national crack-down on fraudulent credit repair firms. Harshbarger obtained a preliminary injunction against DTM Financial Services (a.k.a. USR Publications and USR Credit Restoral), RAY-PRO (a.k.a. Ray-Pro Financial Services) and their owners, all of New Hampshire, for alleged unfair and deceptive practices.

The complaint alleges that DTM and its affiliated companies violated state and federal consumer protection and telemarketing laws by making alleged deceptive claims about their credit restoration services and products. The companies allegedly claimed that their credit restoration program removed negative entries from credit reports and created a new, clean credit identity for consumers by giving them tax identification numbers to use in place of their social security numbers. The scheme, which cost consumers between \$75 and \$100 dollars, does not work because credit agencies rely solely upon individuals' social security numbers.

## Harshbarger Urges Consumers to Proceed with Caution when Using Credit Cards; Late Fees at Issue

Following a June decision by the U.S. Supreme Court to allow national banks from other states to ignore the consumer-friendly late charge laws of the Commonwealth, the Attorney General has issued a warning to all Massachusetts consumers to use extra caution in their dealings with credit card companies.

In June, the Supreme Court ruled that a national bank headquartered in South Dakota did not have to comply with the credit card late charge laws of the states where its customers are located. The bank must only comply with the laws of its so-called "home state." Massachusetts laws prohibit in-state banks from charging more than \$10 as late charges on credit card accounts, but the laws in South Dakota and many other states often allow late charges of as much as \$18 or \$20.

AG Harshbarger's office, along with 25 other state attorneys general, had written and filed a friend of the court brief urging the Supreme Court to protect Massachusetts consumers by not allowing national banks from other states to disregard our more lenient late charge laws. In light of the Court's decision, the Attorney General warns that consumers should take extra caution in monitoring their credit card transactions.

"Before another credit card is taken out or more credit is taken on, a consumer should carefully shop for and compare all the important terms of the agreement – not only the annual percentage rates and fees, but also the late charges, the over-limit fees and others," AG Harshbarger stated.

## Consumer University for Elders a Huge Success!

In conjunction with Older Americans Month, in May Attorney General Harshbarger sponsored three Consumer University classes designed to educate elders about their consumer rights and prevent them from becoming victims of fraudulent activities.

More than 1,100 elder citizens from the greater Bedford, Bridgewater and Holyoke areas "graduated" from Consumer Uni-

versity after attending seminars on spotting scams, home and personal safety and consumer rights at the free, day-long programs held in those communities. Classes examined issues such as shopping rights, privacy rights, home improvement contractors, telephone problems, hearing aids, health care, protecting your home, protecting yourself and your property, and encouraging community awareness and citizen/police cooperation.



## AG Releases New Travel Regulations to Protect Consumers

This spring, Attorney General Harshbarger released a set of new travel regulations created to protect Massachusetts consumers who purchase travel and vacation services, and to provide a level playing field for responsible travel businesses.

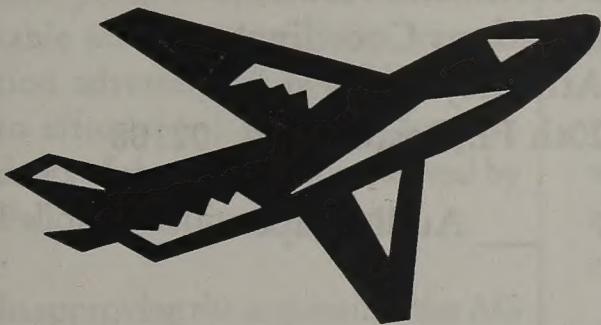
The regulations require full, accurate disclosure of all information a consumer needs to make an informed decision when purchasing travel services. The regulations stress clear accountability on the part of the seller and outlaw the following four practices commonly encountered by consumers purchasing travel services:

- ❖ misrepresentations about, or failure to disclose, essential information about the travel services being offered;
- ❖ untimely delivery of tickets, vouchers or itineraries;
- ❖ failure to apply a consumer's payment to purchase the travel services promised; and
- ❖ failure to provide a promised service or a refund for any undelivered service.

The new regulations also give consumers the right to cancel a travel contract where required disclosures have not been made, and they give consumer a choice between substitute services and a refund for any travel services that were promised but not provided. In addition, the regulations help legitimate travel businesses by supporting their refusal to sell false "bargains" from disreputable suppliers, by making it illegal for anyone to sell travel services to the state's residents without making complete, accurate disclosures of all significant information needed, so that travelers can distinguish between high-quality and low-quality operations.

The regulations follow the findings of a report AG Harshbarger issued in February, 1995, detailing problems that had given the travel industry in Massachusetts a "black eye," and caused disappointment and cost money for thousands of travelers. Any violation of the regulations is a violation of the Massachusetts Consumer Protection

Act, for which a seller of travel services could be required to pay restitution to consumers, penalties of up to \$5,000 per violation, or in the case of private suit, up to three times actual damages. The regulations went into effect July 1, 1996.



## Travel Agency Owners to Pay \$19,000; *Banned from Business*

In July, the owners of a Chicopee travel agency agreed to a lifetime ban from the business, after they allegedly took deposits from consumers, but then never provided the vacations.

The owners of All Season Travel also agreed to pay \$14,000 in restitution, and pay a \$5,000 civil penalty in addition to the ban. The Attorney General alleged that the owners violated the state's Consumer Protection Act by taking deposits from consumers without forwarding the money to the travel service providers. As a result, the consumers never took the trips they paid for.

## AG Stops Internet Ad Promising HIV Cure

In his first action to stop consumer fraud on the Internet, AG Harshbarger obtained a temporary restraining order against a Brockton woman who had an ad on the World Wide Web that claimed people with HIV could be cured within six weeks.

Interested consumers were charged a fee to obtain materials that claimed HIV is caused by a flatworm that can be killed by the use of certain herbs, supposedly leading to the elimination of HIV from the body. The ad also touted the use of a 9-volt battery-powered device that could allegedly eliminate the flatworms and cure HIV in seven minutes. The fact is that to date, there is no medically recognized cure for HIV or AIDS.



## AG Hosts National Workshop on For-Profit Acquisitions of Non-Profit Health Care Providers

In July, more than 40 regulators from 30 states attended the national conference for state regulators on issues facing states regarding for-profit acquisitions and conversions of non-profit hospitals, HMOs and Blue Cross plans. Attorney General Harshbarger, as President of the National Association of Attorneys General (NAAG), hosted the two day event.

Under Massachusetts law and those of many other states, a public charity such as a non-profit hospital or HMO cannot simply "convert" to for-profit status. In appropriate circumstances, however, a non-profit can sell its assets at a fair market value so long as a for-profit buyer does not profit unduly in the transaction at the expense of the charity. AG Harshbarger's office has examined the acquisition of Central Massachusetts Health Care by the HealthSource chain and the Metrowest Medical Center partnership with Columbia/HCA, and is now reviewing the proposed acquisition of St. Vincent Healthcare system by OrNda Healthcorp.

Sponsored by NAAG and the National Association of State Charity Officials, and supported by a grant from the Henry J. Kaiser Family Foundation in California, the conference allowed regulators to share their experiences and compare methods of analyzing for-profit transactions.

## FACING THE CHALLENGE OF CHANGE: 4th Annual Conference for Non-Profit Charitable Board Members

In April, Attorney General Scott Harshbarger sponsored his fourth annual conference for board members of non-profit charities. At the conference, AG Harshbarger urged nearly 500 members of charitable organizations from across the state to be ready to meet the new challenges and changes that will confront non-profit boards in an era of mergers and acquisitions of non-profits by many for-profit organizations and companies.

"The emerging trends of acquisition of non-profit charitable organizations by for-profit enterprises and community benefits responsibilities by non-profit health care organizations have raised very important issues...", stated the Attorney General at the two-part workshop focusing on basic responsibilities and new issues of importance to charities. Included at the conference were segments on the "Dynamics of an Effective Board" and "Changing Resources, Changing Structures: Planning for the Future."

*Facing the Challenge of Change* provided an opportunity for board members to better understand their potential roles in a time when charities and non-profits are being asked to move to the front lines for those in need, rather than being the safety net at the end of the line of public assistance. The conference covered registration and reporting, fundraising, governance, restricted funds and conflict of interest issues as well as the examination of mergers, joint ventures and for-profit acquisitions.

In addition to presentations made by the Attorney General and members of his staff, speakers also included Dr. Thomas Holland, Director of the Kellogg Project on Effective Governance, University of Georgia; Joseph Breitenicher, Senior Vice President of the Philanthropic Initiative; and Melinda Marble, former Vice President of the Boston Foundation.

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**T**he Attorney General is required by law to review the sale of all charitable assets to a for-profit company, a process also known as "for-profit acquisition."

## AG Green Lights Fallon/OrNda Deal

Attorney General Harshbarger also reviewed and approved the proposed transaction between the Fallon Healthcare System of Worcester and OrNda, a Tennessee-based, for-profit national health care chain. OrNda purchased the assets of Saint Vincent Healthcare System, a non-profit hospital system in Worcester that is affiliated with Fallon for \$135 million.

As part of the review process, the AGO evaluated such important issues as why the hospital must cease to operate as a charity and what alternatives were considered by its board of trustees before settling on selling to a for-profit company; was the board of the hospital system careful and deliberate in selecting a buyer; did the board obtain the best possible value for the charitable assets; and, will the transaction adversely affect public access to affordable health care for residents of the communities served by Fallon Healthcare System?

In approving the acquisition, the AG obtained important safeguards for community access to care including OrNda's continuation of St. Vincent's dedication to free care.

## AG Okays Metrowest and Columbia Hospital Deal; Agreement Protects Charitable Interests

Attorney General Harshbarger announced in April that his office reached agreement with MetroWest Health, Inc. and Columbia/HCA Healthcare Corporation on the terms of their proposed for-profit partnership. Columbia is a national for-profit hospital chain.

The transaction marks the first time a Massachusetts acute care hospital is owned and operated by a for-profit company. The agreement includes safeguards to protect both charitable interests and local health concerns, and is geared to ensure that the transaction is in the public interest.

Under the agreed upon terms, most of MetroWest's assets will be held by a for-profit partnership, with Columbia purchasing an 80 percent interest (at the cost of \$67.5 million) and MetroWest retaining the remaining 20 percent (valued at \$17 million). It is estimated that at least \$30 million in sale proceeds will be available for use by a charitable foundation to be established in the Framingham/Natick area. The charity will also receive profits from the partnership.

Other important protections obtained by the Attorney General include:

- ◆ A commitment to keep emergency rooms on both Framingham and Natick campuses open on a 24-hour basis for at least three years.
- ◆ Changes to ensure that MetroWest's \$17 million investment is protected and the charitable foundation received a reasonable return on its investment.
- ◆ Capital improvements will be made to both the Framingham and Natick campuses.
- ◆ MetroWest will fund an independent health care access analyst to monitor and report as a matter of public record on community health access, including levels of free care, for three years.
- ◆ Columbia agreed to provide the AGO an annual community benefits report on the same voluntary basis as other hospitals.
- ◆ Local participation in the governance of the partnership was strengthened.
- ◆ Terms relating to the enforcement of the Mary Ann Morse will, which established the Leonard Morse Hospital (currently the Natick campus), and a 1991, court decree amending the will were revised to ensure effective enforcement.

The AGO was assisted by experts at Arthur Anderson & Co., who provided valuation and financial analysis regarding the sale transaction.

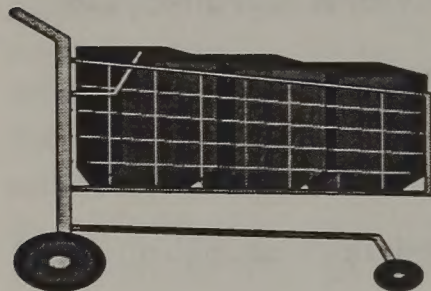


## Harshbarger Approves Bank of Boston, Bay Bank Merger; 20 Branches to be Divested

In June, AG Harshbarger announced the conclusion of an extensive antitrust review by approving the proposed merger of Bank of Boston Corporation and Baybank, Inc. The approval comes with the condition that 20 Baybank and Bank of Boston branches be sold off to USTrust.

The AG's review was conducted jointly with the U.S. Department of Justice and focused on concerns over competition for loans for small and medium-sized businesses. The review revealed a potential threat to competition for middle market and commercial lending areas. The sale of the 20 branches (with approximately \$860 million in deposits) will address the competitive concerns raised by the acquisition.

## Sale of Stop & Shop to Royal Ahold Approved; 30 Stores to be Divested



In July, Attorney General Scott Harshbarger joined with Attorneys General from Rhode Island and Connecticut, and the Federal Trade Commission, to announce their approval of the \$2.9 billion acquisition of Quincy-based Stop & Shop by Dutch retailing giant, Royal Ahold. The agreement, which requires

Ahold to sell off 30 stores, is designed to protect consumers, especially in those areas where competition would be at risk. Royal Ahold must sell off stores where its Edwards Super Foods Stores and Finast chain compete with Stop & Shop locations.

In Massachusetts, two stores will be sold: a Stop & Shop in Seekonk and an Edwards outlet in Chicopee. Most of the impact of the merger will be felt in Connecticut, home to 37 Edwards markets and 57 Stop & Shops, where Ahold will have to sell off 21 of its stores. Local consumers should notice little difference as a result of the merger. Stop & Shop is expected to keep its name and does not plan to lay off any of its 36,000 employees.

As part of the agreement, Ahold will be bound to requirements of the consent decree announced last year when Stop & Shop acquired Purity Supreme's 55 supermarkets. That agreement required Stop & Shop to sell off 16 Purity stores and one Stop & Shop.

## "Operation Jackpot" Goes After Fraudulent Sweepstakes Promotions

As part of Operation Jackpot, an effort to crack down on fraudulent sweepstakes promotions, the AG's office filed suit against a New York sweepstakes operator and its affiliated companies for allegedly sending deceptive sweepstakes promotions to Massachusetts consumers.

The complaint alleges that Raffoler, Ltd. and Direct Marketing Enterprises, Ltd., along with its owners/operators, duped consumers into believing they had won valuable sweepstake prizes, and would be more likely to be able to claim the prizes if they bought certain products.

Raffoler and Direct Marketing do business as CVP Sweepstakes, Carter and Van Peel, Ltd., Gem Collectors International, Trendsaction Marketing Corp., IDM Co., and RBM, Ltd.

The companies allegedly mailed more than 3 million unsolicited sweepstakes award promotions per year to Massachusetts residents, with more than 113,000 consumers in 1994 and 1995 purchasing goods based on the deceptive representation that they had won something substantial. The promotion also allegedly led consumers to believe they had a better chance of winning more prizes if they bought products, which is an unlawful practice. The AG seeks complete restitution for victims, civil penalties, and modifications to solicitations that would eliminate any misleading representations.

The enforcement action was part of a nationwide crackdown by the FTC and the National Association of Attorneys General. Similar suits against 79 defendants were filed simultaneously by 15 other states, the FTC and the post office as part of a stepped-up effort to protect consumers.



## Where Are Your Charitable Dollars Going?

The National Charities Information Bureau reports that charities should not spend more than 30 cents on the dollar for fund-raising. Unfortunately, many charities, although legitimate, do often spend more than that. How can you find out where your money is going before you write the check? Be a smart donor and follow these tips:

*Simply ask what percentage of your donation will go directly toward the charity in question after expenses are paid.*

*Never feel pressured to give to someone over the phone; instead, make well thought-out decisions by getting more information on the charity. Get its name, address and telephone number and even request literature. An annual report will identify how monies have been used in the past.*

*Ask the phone solicitor for whom do they work. If it is a professional fundraiser calling rather than members of the charity, chances are your donation will be used in part to pay for their labor.*

*Never pay by cash and never give your credit card or checking account number over the phone.*

*Consider writing your check and mailing it directly to the charity to avoid "middlemen" who may otherwise take their cut from your check.*

*Check with the AG's Division of Public Charities (617-727-2200) to make sure the charity is registered with the state. If it is not, it may not be legitimate.*

## Charity Offering Free Olympic Trip Has Assets Frozen; Operation Closed

In May, the Pittsfield-based Life Sharing Foundation, Inc., a charity that allegedly falsely offered to send high school students on corporate sponsored trips to the 1996 Olympics, had its assets frozen and its operations effectively shut down following a lawsuit filed by the Attorney General's office.

A preliminary injunction was granted against Life Sharing Foundation, Inc., and its president, a resident of New Marlborough, that prevents the charity from soliciting donations and asks for an accounting of its business activities. The AG's Complaint alleges that Life Sharing solicited money from high schools by misrepresenting that it had a contract with the Atlanta Committee for the Olympic Games to provide recycling services for the Summer Games. For a \$385 fee and/or \$50 reservation deposit, the Foundation claimed schools could reserve a space for students from each school to take a college level course on recycling and, upon successful completion, one student per school could participate in a recycling project during the Olympic Games.

The Complaint alleges the Foundation neither developed the curriculum (due to failure to pay the college providing the material) nor secured enough sponsorships for the 3,000 teens it alleged could be sent.

The Attorney General acknowledges the assistance of the Atlanta Committee on the Olympic Games in their investigation. The investigation into the foundation and its fund-raising practices is still on-going.

## MA Veterans' Charity Legitimate -- Yet, Only 25% of Funds Reach Former Soldiers

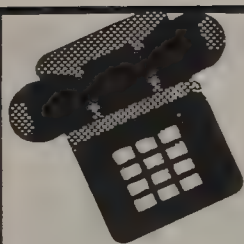
The AGO recently announced that while *The American Veterans Relief Fund* is a legitimate public charity registered with the state, only one-quarter or less of the funds it raises actually goes to assist former war soldiers.

The American Veterans Relief Fund is a Dallas-based charity that raises money in Massachusetts through the use of telemarketing firms. Those firms receive, at a minimum, 75 percent of the funds raised to cover their fees. The Dallas firm has been in existence for four years and has been heavily soliciting Taunton-area residents over the past several months. Residents have been asked to make a donation either by mail or by pick-up, meaning an employee of the telemarketing firm will come to that person's home to collect the check.

Residents should be aware that simply because a charity is registered with the state does not mean that it is endorsed by the state. As with the American Veterans Relief Fund, potential donors should always make educated decisions about their charitable gifts – including learning how much of their donation will actually reach the charity – before they write their checks.







## Consumer Complaint and Information Section

The Attorney General's Consumer Complaint and Information Section responds to questions and complaints from consumers across the state who are either uncertain of their rights or believe they have been unfairly treated and are now seeking recourse.

From January to July, 1996, the Section responded to more than 56,000 calls on its consumer hotline obtaining \$249,392 for consumers in the last six months. In July alone, the section closed 294 complaints and obtained \$45,147 for consumers through its voluntary mediation program.

If you have a question about your consumer rights, would like to receive informational materials on a variety of consumer issues, or believe you may have been wronged in the purchase of either goods or services, you can call the Attorney General's Consumer Hotline for help. The number is (617) 727-8400.

## Retailers Work with AG to Crack Down on Deceptive Advertising

In May, Attorney General Scott Harshbarger and Jon Hurst, President of the Retailers Association of Massachusetts, announced a joint statewide effort aimed at helping retail businesses comply with the Commonwealth's retail advertising regulations and at stopping so-called fictitious sales that mislead consumers.

The partnership is the first joint initiative of its kind in Massachusetts and comes as a result of numerous complaints from both consumers and the retail industry about stores that engage in chronic deceptive advertising practices. Over the past two years, the AGO has brought nearly 100 cases against retailers for false and deceptive advertising practices.

The joint effort by AG Harshbarger and Mr. Hurst is designed to assist both small and large retail operations who are either unaware of state regulations or who have been placed at a competitive disadvantage by unscrupulous businesses that have chosen to ignore or flout the regulations.

As part of the statewide campaign, the AGO and the Retailers Association, which has 1,000 members from across the state, will co-sponsor a series of educational seminars and will also publish a guide for retailers and consumers that explains and clarifies state advertising laws. Cooperative efforts to uncover and take legal action against egregious violators also will be considered, as will ways to improve, update and/or streamline current regulations.

## Fall Conference: Complying with Retail Regulations

In October, the Attorney General's office, together with the Retailers Association of Massachusetts, will sponsor an educational conference for the state's retailers, advertisers and business associations on compliance with advertising regulations and retail sales laws.

To be held at the JFK Library in Boston, *Protecting Your Business: Complying with Advertising Regulations & Retail Sales Law* will cover such pertinent topics as:

- ☛ MA retail advertising regulations;
- ☛ Defining unfair and deceptive practices;
- ☛ The "Going Out of Business" statute; and
- ☛ Refund, return, cancellation information and disclosures

The conference costs \$40.00 per person and includes a networking luncheon, conference manuals, coffee, tea and pastry. The deadline for registration is September 12.



For further information,  
please call Sheila Martin  
at the  
Attorney General's Office:

(617) 727-2200

TTY (617) 727-4765



## **Meat Market Settles after Charges of "Bait and Switch" Sales Tactics**

In June, the now-defunct meat market, West End Market in North Adams, settled a lawsuit with the AGO after it was alleged to have used "bait and switch" sales tactics to entice customers into the store.

The lawsuit alleged that consumers were induced to go to the market by advertisements that promised very low prices on beef. Once at the store, however, consumers were urged to purchase a more expensive side of beef, and in many cases, were not told of the increase in price. While the lawsuit was pending, the owner of West End settled many of the complaints individually. However, in December, the owner passed away and the AG's office has since worked with the heir of the business to gain restitution for the remaining customers who had complained.

With the cooperation of the owner's heir, the parties secured a judgment against the owner's estate for restitution totalling \$2,500. Still undetermined, however, is whether the estate has any remaining assets from which to pay the restitution.

## **AG Settles Cases with Car Dealers Driving Deceptive Advertising**



Over the last four months, the Attorney General settled with car dealerships from Cape Cod to Malden to the greater Springfield area that allegedly violated state regulations in their advertising practices.

The dealers allegedly violated advertising regulations in one or more of the following ways: by not clearly and conspicuously advertising used vehicles being offered for sale as used; by not disclosing the expiration dates of sales; by not including in their ads all charges that the consumer would have to pay; by using the term "loaded" in their ads; and by not posting appropriate notices regarding warranty and pricing on their used vehicles.

The car dealerships involved include:

- ☐ Bertera Chrysler Plymouth, Inc. of West Springfield
- ☐ Superior Auto Sales, Inc. of West Springfield
- ☐ Bertera Lincoln Mercury, Inc. of West Springfield
- ☐ Bertera Dodge, Inc. of Westfield
- ☐ Callihane Motors, Inc. of Northampton
- ☐ Medeiros/Williams Chevrolet, Inc. of Wilbraham
- ☐ Cook Motor Sales, Inc. of Chicopee
- ☐ A-classic Auto Body and Repair, Inc. of Chicopee
- ☐ CarQuest Auto Sales of Hyannis
- ☐ Tom-E's Auto Sales, Inc. of Malden

The dealerships have agreed to pay civil penalties ranging from \$1,000 to \$5,000 each for the alleged violations.

## **Mail Order Job Services Shut Down for Deceptive Advertising**

In June, three individuals and their companies operating "free mail order employment services" were shut down after the AG's office alleged that they used deceptive names to pose as state agencies, and then charged consumers for so-called "free" services.

Temporary restraining orders were granted against the owners of three businesses called "Department of Employment Services," "Department of Employment Services of Massachusetts," and "Employment Relief Department of Massachusetts." The orders shut down the companies for ten days. The AG's Consumer Protection and Antitrust Division is seeking an injunction that would bar the defendants from similar practices in the future and would seek restitution for the injured consumers.

The defendants allegedly violated the Consumer Protection Act by advertising and offering what appeared to be a free list of at-home job opportunities. In fact, consumers wound up paying \$38.90 for the listings, which were incomplete and not helpful to job-seekers. Consumers responded to newspaper ads placed in at least ten states that offered a free job listing if they mailed in \$3.90 for postage and handling. Once consumers mailed their money, the defendants allegedly mailed back a list of job descriptions which did not have sufficient contact information. Consumers also received a follow-up letter allegedly asking for an additional \$35 for more information about the job opportunities.



## AG Stops Tix Sales to Nonexistent Shows

Attorney General Harshbarger obtained a restraining order against an Agawam ticket broker who was allegedly selling tickets for two Pearl Jam concerts which were unscheduled at the time the tickets were offered for sale.

The ticket broker, who does business as State Line Tickets in Agawam, allegedly violated the state's Consumer Protection Act by advertising and offering tickets for two unscheduled and unconfirmed performances by the group Pearl Jam at the Great Woods Center for the Performing Arts in Mansfield and the Meadows Music Theater in Hartford, Connecticut. Tickets were allegedly being offered at prices ranging from \$55 to \$100.

The restraining order prevents State Line and the broker from offering or advertising tickets for the unscheduled concerts. Booking agents from both Great Woods and the Meadows have stated in affidavits that there are no plans for a Pearl Jam concert at either site and agents representing Pearl Jam have also confirmed that there are no plans to bring Pearl Jam to either location "any time in the near future."

Attorney General Harshbarger's office is seeking an injunction to stop the defendant from engaging in similar practices in the future, restitution for the consumers who bought the tickets, and civil penalties for alleged violations of the Consumer Protection Act.

## What's Happening??

The Office of Attorney General Harshbarger publishes six newsletters to help Massachusetts residents keep informed of what is happening in the state's top law enforcement agency and how it affects communities across the Commonwealth. To request any of the newsletters listed, contact the Publications Office at (617) 727-2200, ext. 2674

AGenda: Elder Issues  
AGenda: The Environment  
AGenda: Consumer Issues  
AGenda: Urban Issues  
AGenda: Fraud Issues  
Tobacco Litigation Team Report

**Office of the Attorney General**  
**One Ashburton Place**  
**Boston, MA 02108**







